

REMARKS OF WILLIAM J. CASEY

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to

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Looking around and seeing all the intelligence professionals and veterans in the audience I am sort of reminded of a fellow who loved to talk about the Johnstown flood. There came a time when he passed away, he was received by St. Peter, who found him a pretty good fellow, heard he loved to talk about the Johnstown flood, so he gathered a group of people around him up there and he started out telling how the waters had gathered and came crashing down. He was just about reaching his finale when St. Peter reached over, tapped him on the shoulder and he said, "By the way, I forgot to tell you that Noah is in the audience."

Well, I appreciate the opportunity to thank AFIO and its members for the encouragement, understanding, and support you give us. You have supported our recruiting efforts and our legislative needs. You have managed to take the sting out of some news stories when we felt helplessly maligned, and for all that we are most grateful.

In the wake of the bombing of our Embassy in Beirut and the crashing of a reconnaissance plane in Salvador, we are reminded all too keenly that intelligence officers risk and give their lives to preserve freedom and to protect our national security.

Tonight I would like to talk to you about how intelligence has changed, the new challenges we face, and the progress we have made in rebuilding our capabilities in the last few years.

When I was appointed DCI, the President defined specific things he wanted to see accomplished. They were:

- reestablishing the President's Foreign Intelligence Advisory Board.
- legislation on criminal sanctions against disclosing the identities of agents.
- relief from the Freedom of Information Act.
- undertaking an urgent effort to rebuild the intelligence agencies.
- And to improve capabilities for technical and clandestine collection, cogent analysis, counterintelligence, and capabilities to influence international events vital to our national interests and security.

This is a particularly appropriate time to review our progress because just last week the President signed legislation exempting CIA's operational files from Freedom of Information Act requests. With this legislation, all of the President's objectives have either been attained or are well under way.

The Foreign Intelligence Advisory Board is functioning effectively, Identities legislation has been enacted into law. With the approval of the 1985 budget, we now have the resources needed to complete over 80 percent of a five-year program to rebuild from the 40 percent reduction in funding and the 50 percent reduction in personnel which the Intelligence Community

suffered during the 70s. And the balance will be in the budget which Congress will act on next year--1985. All this could not have been accomplished without the support AFIO has given to every aspect of this program in so many ways.

Where are we today? Despite all the shots we take in the media, there is a general conviction among our people that the Intelligence Community has never been in better shape. We have rebounded from the cuts of the 70s. We have a growing and dedicated work force. A new headquarters building has been completed for the Defense Intelligence Agency and one is under construction at CIA. A bigger budget. Improved morale. I think we are fit, healthy, and have rededicated ourselves Community-wide to a search for greater excellence.

Many of you, as myself, were around at the birth of our national intelligence service. If you were to return today, many things would be familiar. The commitment and dedication of our intelligence officers. The willingness to challenge the conventional wisdom. The basic principles of a sound analysis and effective collection which endure. The can-do spirit which has always characterized the Intelligence Community. At the same time, however, you would find much that is new.

One dramatic difference is in the number of targets. The Soviet Union is still our primary focus, as it was in the immediate post-World War II period, but other targets have become important. Today, many of this country's enemies operate mostly underground, dealing with drugs, terror, stolen blueprints as well as weapons and subversion across international borders wherever instability and revolution can be fomented.

The Soviets continue to expand a large arsenal of nuclear weapons aimed at the United States, East Asia and Europe. New missiles and missile-carrying aircraft and submarines are being designed, developed, tested, and deployed in amazing profusion. This is augmented by work carried on over the last decade to improve their missile defenses.

In Europe, the Warsaw Pact conventional forces outnumber NATO in troop strength, tanks, guns and planes. Smart bombs, anti-tank and anti-aircraft missiles, along with other sophisticated conventional weapons, are being deployed in an increasingly forward and aggressive manner. And a growing number of long-range missiles are aimed at capital cities and military targets in Western Europe.

But the main threat from the Soviets may lie elsewhere. As early as 1962, Khrushchev told us that Communism would win--not through nuclear war which could destroy the world today, or even conventional war which could lead to nuclear war--but rather through wars of national liberation in Africa, Asia, and Latin America. Today, after 20 years of promoting and supporting such wars, the Soviets and their proxies have bases in Afghanistan, Angola, Vietnam, Ethiopia, Cuba and Nicaragua. From these bases, further attacks are aimed at Pakistan, El Salvador, The Sudan, Kampuchea. And we wonder daily--where next?

The costs in human despair and population displacement of Soviet expansion and Soviet-backed insurgencies have been enormous. There are over 100,000 Nicaraguan refugees in Honduras and Costa Rica. Salvadoran refugees number in the hundreds of thousands. At least a quarter of the Afghan people have left their country. Over 2 million people have fled Communist rule in Indochina

and thousands of others are incarcerated in "reeducation camps," the Vietnamese version of the Gulag. Vietnamese and Lao forces--under direct Soviet supervision--have used lethal chemical agents against hill tribes. About half a million Ethiopians and Sudanese have been driven from their homes.

Yet a difference has developed. Whereas in the 1960s and 1970s anti-Western causes attracted recruits throughout the Third World, the 1980s have emerged as the decade of guerrillas resisting Communist regimes. Today in Afghanistan, Angola, Cambodia, Ethiopia, and Nicaragua thousands of ordinary people are volunteers in irregular wars against the Soviet Army or Soviet-supported regimes. More than a quarter of a million people have taken up arms against Communist oppression in these countries.

Still, Moscow views the Third World as our Achilles Heel and the increasing economic and social strains in underdeveloped countries will afford them many opportunities in the future.

To implement its overall strategy, the Soviets use the world apparatus of the KGB, plus 70 non-governing Communist parties, plus peace and friendship organizations all over the world directed from Moscow, plus the East German, Cuban and other Bloc intelligence services--all of them working to steal our technology, to damage our reputation, to divide us from our friends, to destabilize, subvert and overthrow governments friendly to us.

Rumors, agents of influence, kept press and radio facilities and forgeries spreading poison around the world. The Kremlin is on a propaganda offensive to reverse setbacks by the failure to prevent installation of missiles in

Europe and the shootdown of the Korean airliner. One of our tasks is to spot and counter the forgeries and fabrications and distortions used in Soviet active measures against our interests.

Terrorism is a new weapons system which is dissolving the boundaries between war and peace. We've seen terrorists move from plastic charges, to assassinations, to highjacking, to car bombs, and we now worry about nuclear and biological terrorism.

Major terrorist organizations and a great many more "mom and pop shops" can be hired by aggressive and radical governments to serve as instruments of foreign policy. And U.S. facilities and people are their major targets. These terrorists operate in small groups on a need-to-know basis. Last year there were more than 550 serious terrorist attacks worldwide and all of us feel all too keenly the three disasters that we've suffered in Beirut. Yet we have developed a worldwide counterterrorism network through intelligence exchanges, technical support, training and close relationships with intelligence and security services around the world. Terrorist attacks have been thwarted and rescue operations have been carried out in many parts of the world.

Narcotics is another problem that is engaging more and more of our attention. The methods by which drug smugglers bring narcotics into this country defy the imagination. Americans spend tens of billions of dollars each year on illicit drugs. Even more significant from an intelligence standpoint, the world's drug traffickers are corrupting Third World governments and disrupting their economies and American drug money also gets into the hands of terrorists and insurgents.

Another challenge of great importance is the task of determining the state of Soviet technology and science and the Kremlin's potential to carry out a strategic military technological surprise.

In some technology areas, Soviet capability rivals our own, although the periodic estimates we produce show that the U.S. remains in the lead in most critical categories. However, we cannot afford to be complacent. Soviets are making remarkable progress and they are doing it with our help.

During the late 1970s the Soviets got about 30,000 samples of Western production equipment, weapons, and military components and over 400,000 technical documents, both classified and unclassified. In 1981, we organized the Technology Transfer Assessment Center which established the increased power, accuracy, precision, and sophistication of Soviet weapons which we're now incurring budget-busting appropriations in order to counter. All this has come from the acquisition and use of our technology to a much greater extent than we ever dreamed.

How do the Soviets get so much of our technical know-how? In many ways: they comb through our open literature, buy through legal channels, attend our scientific and technical conferences, and send their students here to study. They use dummy firms in sophisticated international diversion operations, some legal, some illegal, to purchase Western technology. We know of some 300 firms operating from more than 30 countries worldwide engaged in these trade diversion schemes. Finally, technology acquisition has become probably the highest priority of the KGB and GRU. For some 15 years they have brought about 100 young engineers and technicians a year to develop a specialized unit of perhaps 1,000 people devoted to espionage and theft of Western technology.

During 1982, this emerging threat and its cost was briefed extensively to our liaison services. Over the last year and a half well over 150 Soviet agents, most of them engaged in technology theft, have been arrested or expelled or defected in well over 20 countries around the world. Successes have been achieved in recovering stolen technology, blocking shipments and breaking up technology smuggling rings. And yet there is much more to be done in this area.

Enhanced technical and human intelligence collection will intensify the challenge of processing and analyzing the vast amount of information that's coming in every day. We will cope with this by using supercomputers and, further in the future, probably with artificial intelligence of various kinds counterdirecting in the national defense. Plans are under way to improve and expand the Community's computer databases so that analysts in different components can better share their ideas and hundreds of analysts now have terminals right at their desks to read, compose, edit and file. Meanwhile NSA struggles valiantly with the demanding, serious security aspects of these new communications systems.

A great deal was heard about the purging of the clandestine apparatus in the late 1970s. Less well known is the massive departure of professionals from the analytic side of CIA during the same period. Nearly half of our analysts left between 1977 and 1981. The strength of our analytical corps has been restored and the quality of its work improved.

From a low point in 1980 of only 12 national estimates, we now publish some 50 national estimates a year, as well as 25 other intelligence assessments. In addition, we complete about 1,000 major research projects on a nearly

inconceivable range of subjects from Soviet weapons systems to political instability, the now worldwide reach of the Soviet Union, heroin production and distribution, black market arms trade, population and debt problems, and so on. All in addition to the regular stream of periodicals--dailies, weeklies, monthlies and quarterlies.

Another dramatic difference, certainly from the earlier days of intelligence, is a closer public scrutiny of all our activities. Congress is more involved in our activities through the Congressional oversight process and the press covers us more assiduously.

In this relationship with the press, some tension is inherent. Journalists are committed to finding out the most they can about us. We are committed to protecting legitimate secrets. But while intelligence should not be divorced from public opinion, neither should it be overly concerned with the daily shifts, and ups and downs, of public criticism or praise.

To get the assistance of people around the world who share our values and want to help us, the American Intelligence Community must maintain a reputation for integrity, confidentiality, reliability and security. The quality of the intelligence produced, the loyalty and dedication of our people, and a large number of Americans interested in joining our ranks--there were 150,000 applicants last year--demonstrates that we do maintain that kind of reputation despite a steady drumbeat of criticism in the media. With few exceptions the highly publicized charges made against the CIA during the mid-70s turned out to be false. The charges were on the front pages and their refutations buried away so that few people noted them.

For decades CIA has generally not responded to criticism publicly and certainly not in detail. Public understanding and support is so vital today that we can no longer always suffer in silence. Sometimes the record needs to be put straight. We do sometimes succeed in getting false stories retracted, distorted stories corrected.

Our relationship with the press has been through several swings of the pendulum--from freer, though cautious, access to "batten down the hatches." We have found that the best approach is to maintain a dialogue when possible, always making clear that our first priority is to protect classified sources and methods. I think journalists realize that while my press people may not be able to tell them much, what they do tell them is the truth. Most journalists are responsible and most do try to be right. But even one inaccurate story that we are helpless to rebut can cause a lot of damage to sources and methods, to U.S. credibility, to crucial negotiations, as well as provide propaganda fodder for our adversaries and save the KGB time and money.

We put a lot of effort into giving the Congress the information it needs for it to discharge its oversight and legislative obligations. We have a substantial legislative staff and give close to 1,000 briefings a year by intelligence analysts. It is vital to maintain public and policymaker confidence in not only the quality but the integrity of our assessments. For that we depend on the integrity of our analysts in a process which is designed and operated to assure that all substantiated points of view are heard, considered and reflected in estimates.

Nearly all of our assessments go to the two Congressional oversight committees whose members or staffs are in a position to detect any bias.

All estimates are reviewed by the chiefs of all of the components of the Intelligence Community sitting together at the board of estimates. They are encouraged and charged to stake out dissenting views. In a recent estimate, which the media claimed to have been slanted, it turns out that half of this board held one view, the other half another. Each view was spelled out on the first page of the estimate. And that is exactly the way it should be done.

We also work to openly gather information from the private sector. Our use of outside expertise to critique our analysis has almost tripled and we've conducted a massive campaign to put our analysts in touch with experts in the private sector, universities, think tanks, and private businesses here and abroad.

These assessments of ours are not produced in an ivory tower atmosphere. The debates and clash of ideas sometimes are rough; no one's views--from the Director to the newest analyst--are protected from challenge and criticism. It is not a place for delicate egos or mediocrity or people with a special agenda. But out of that process, despite its imperfections, comes the best, the most comprehensive, most objective intelligence reporting in the world. And our critics help keep it that way.

To keep our performance up over the long term we must go on attracting some of the best young people in America. We are hiring about one out of every hundred who want to tackle the challenge of our work and even less if we're talking about operations officers or analytical work. Our recruitment work is exacting and exhaustive but our standards remain high and will not be lowered. A number of the future leaders of our organization have been

spotted and recruited by the alumni in this audience. I ask each of you to exploit any avenue open to you to help find superior quality people we need, and to encourage them to consider an intelligence career. Here you can and have helped us enormously.

Finally I would say that these years as Director of Central Intelligence have been a rich and gratifying experience for me. I am honored to serve with the dedicated officers who are carrying on a fine tradition of quality, hard work, and commitment that many of you here started. Today as a nation we are facing up to some hard realities--realities that a democratic society often finds it difficult to acknowledge. We have rebuilt our defenses as well as our intelligence service. These twin pillars, if backed by a national will to remain prepared, will ensure the peace and preserve our freedoms.

Thank you for your continuing support and for listening to these comments of mine.
